

STATE OF MICHIGAN  
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of Financial and Insurance Regulation

In the matter of:

Source One Mortgage Corporation,  
dba Home Mortgage and Loan Corporation,  
dba First Home Town Financial,  
dba Blue Line Mortgage,  
dba Maximum Mortgage and Financial Services,

Enforcement Case No. 07-5361

License Number: FL-1031; SR 0721,

Respondent.

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CONSENT ORDER WITH RESPECT TO VOLUNTARY REVOCATION OF FIRST  
AND SECOND MORTGAGE LICENSE/REGISTRATION

Issued and Entered,  
this 21<sup>st</sup> day of May, 2009,  
by Stephen R. Hilker,  
Chief Deputy Commissioner

Based upon the Stipulation to Entry of Consent Order and the files and records of the Office of Financial and Insurance Regulation ("OFIR") in this matter, the Commissioner FINDS and CONCLUDES that:

1. The Commissioner has jurisdiction and authority to adopt and issue this Consent Order in this proceeding, pursuant to the Michigan Administrative Procedures Act of 1969 ("APA"), as amended, MCL 24.201 *et seq.*, and the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), 1987 PA 173, as amended, MCL 445.1651 *et seq.*, and the Secondary Mortgage Loan Act ("SMLA"), 1981 PA 125, as amended, MCL 493.51 *et seq.*
2. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.

3. Acceptance of the parties' Stipulation to Entry of Consent Order is reasonable and in the public interest.
4. All applicable provisions of the APA have been met.
5. OFIR alleges that Source One Mortgage Group, dba Home Mortgage and Loan Corporation, dba First Home Town Financial, dba Blue Line Mortgage, dba Maximum Mortgage and Financial Services ("Respondent") and George Ghanam violated the Mortgage Brokers, Lenders, and Servicers Licensing Act, specifically, but not limited to, MCL 445.1652, 445.1671, and 445.1672. Respondent also violated the Consumer Mortgage Protection Act, Sections 4(3), 4(4) and 7MCL 445.1631; Regulation X, implementing the Federal Real Estate Settlement Procedures Act, 24 C.F.R. 3500.7(b) and (c) and 24 C.F.R. 3500.14(c), 24 C.F.R. 3500.15; Section 226.18 of Regulation Z and Section 18 of the SMLA.


NOW THEREFORE, based upon the parties' Stipulation to Entry of Consent Order and Their understanding that George Ghanam on his behalf and on behalf of Respondent is not admitting to any wrongdoing or acknowledging the veracity of the allegations set forth in the Notice of Opportunity to Show Compliance and the facts surrounding this case, IT IS ORDERED THAT:

1. The Stipulation to Entry of Consent Order submitted by the parties to the Chief Deputy Commissioner is hereby ACCEPTED.
2. Respondent shall CEASE AND DESIST violating the aforementioned statutes and the MBLSLA and the SMLA and all provisions thereof.
3. Respondent shall immediately cease soliciting or originating any new residential mortgage business regulated by the MBLSLA or SMLA.
4. Respondent agrees to voluntary revocation of its first mortgage license and second mortgage registration and agrees to return its original license and registration certificates to OFIR within 30 days of the date this Consent Order is executed.
5. Respondent, any wholly or partially-owned subsidiary, any affiliated company, or any company related by common owner, officer, or director, shall not make application to the Commissioner for licensure under the MBLSLA, SMLA, or the Consumer Financial Services Act, 1988 PA 161, as amended, MCL 487.2051 *et seq.*, for a

period of 5 years from the date of signing of an order by the Commissioner ordering the terms of this stipulation.

6. The Commissioner specifically retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as she shall deem just, necessary and appropriate in accordance with the provisions of the MBLSLA and SMLA. Failure to abide by the terms and conditions of the Stipulation to Entry of Consent Order and this Order may result in the commencement of additional proceedings.

**IT IS SO ORDERED.**

  
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**Stephen R. Hilker**  
**Chief Deputy Commissioner**

**STATE OF MICHIGAN  
DEPARTMENT OF LABOR & ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

**Before the Commissioner of the Office of Financial and Insurance Regulation**

In the matter of:

**Source One Mortgage Corporation**  
dba Home Mortgage and Loan Corporation  
dba First Home Town Financial  
dba Blue Line Mortgage  
dba Maximum Mortgage and Financial Services

**Enforcement Case No. 07-5361**

License Number: FL-1031; SR 0721,

Respondent.

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**STIPULATION TO ENTRY OF CONSENT ORDER  
WITH RESPECT TO VOLUNTARY REVOCATION OF FIRST MORTGAGE  
LICENSE AND SECOND MORTGAGE REGISTRATION**

Source One Mortgage Group, dba Home Mortgage and Loan Corporation, dba First Home Town Financial, dba Blue Line Mortgage, dba Maximum Mortgage and Financial Services ("Respondent") and the Office of Financial and Insurance Regulation ("OFIR") hereby stipulate and agree to the following:

1. OFIR staff conducted an on-site investigation/examination of Respondent's books and records commencing on April 16, 2007, pursuant to Section 11(2)(c) of the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), MCL 445.1661(2)(c), and Section 6b(2)(b) of the Secondary Mortgage Loan Act (SMLA), MCL 493.56 b(2)(b). The investigation/examination concluded on June 29, 2007.
2. On or about December 14, 2007, OFIR issued a Notice of Opportunity to Show Compliance ("NOSC") to Respondent, pursuant to the provisions of the MBLSLA, 1987 PA 173, as amended, MCL 445.1651 *et seq.*
3. The NOSC contained allegations that Respondent and/or its loan officers or employees, violated the MBLSLA and the SMLA, and set forth the applicable laws and penalties which could be taken against Respondent.
4. OFIR and Respondent have conferred for purposes of resolving this matter and

have agreed it is in the parties' best interests to resolve this matter pursuant to the terms set forth below.

5. The Commissioner of OFIR ("Commissioner") has jurisdiction and authority to adopt and issue this Consent Order, pursuant to the Michigan Administrative Procedures Act ("APA"), MCL 24.201 *et seq.*, the MBLSLA, and the SMLA.
6. At all pertinent times, Respondent was licensed with OFIR as a mortgage broker and lender pursuant to the MBLSLA. Respondent was also registered under the SMLA.
7. The NOSC alleged the following:
  - a. Respondent paid independent contractors or unlicensed entities for regulated mortgage transactions, in violation of MCL 445.1652(4).
  - b. Respondent failed to maintain adequate books and records of its business to enable the commissioner to determine compliance with the MBLSLA, in violation of MCL 445.1671(1) and Respondent failed to preserve and keep available for examination by the Commissioner all books, accounts, records, and documents pertaining to Respondent's business, in violation of MCL 445.1671(2).
    - i. Respondent failed to maintain mortgage loan documents such as the Good Faith Estimate, Initial Truth-in-Lending Disclosure and Initial Application with respect to three loan files.
    - ii. Respondent failed to keep copies of invoices for credit reports and appraisals; thus OFIR was unable to determine if Respondent had charged the borrowers a reasonable fee incurred for these services.
  - c. Respondent failed to provide notices as required by Consumer Mortgage Protection Act, MCL 445.1637 (CMPA).
    - i. Respondent failed to provide the borrower with the "Consumer Caution and Home Ownership Counseling Notice" and a list of the nearest HUD-approved credit counseling agencies as required by the CMPA.

- d. Respondent failed to post a written notice in a conspicuous place apprising a person inquiring about a loan as to his/her rights under the act, and did not have available for distribution at its principal office a pamphlet explaining in general terms the lender's criteria for approving or denying a loan, all as required by the Mortgage Lending Practices Act, Section 2(10) MCL 445.1602.
  - e. Respondent failed to provide mortgage loan applicants with an initial good faith estimate of the broker fee, origination fee, loan discount fee and/or yield spread premium fee, which bears a reasonable relationship to the actual yield spread premium amount paid, as required by Section 3500.7(b) and (c) of Regulation X, the Real Estate Settlement Procedures Act, 24 C.F.R. 3500.7(b)-(c).
  - f. Respondent acted as a secondary mortgage broker and failed to maintain mortgage loan documents as required by Section 18 of the SMLA.
  - g. Respondent did not maintain the requisite New Worth as required by Section 5 of the MBLSLA, MCL 445.1655.
  - h. Respondent failed to complete the bottom portion of the initial Truth-in-Lending Statement with respect to at least three borrowers, which is a violation of Section 226.18 of Regulation Z.
  - i. Respondent failed to provide borrowers with an Affiliated Business Arrangement Disclosure Statement.
  - j. Respondent failed to provide borrowers with a good faith estimate of settlement costs that included the yield spread premiums, in violation of Section 3500.7© or Regulation X.
  - k. Respondent compensated individuals and or entities for services related to residential mortgage loan transactions that had not been performed in violation of Section 3500.14(c) of Regulation X.
8. Respondent specifically denies the foregoing, but, after speaking with his counsel, Respondent believes it is in his best interests to resolve this matter as follows; however, it is understood that by settling this matter, Respondent is not making

any admission that any of the allegations herein or in the Notice of Opportunity to Show Compliance are true:

- a. Respondent agrees to a voluntary revocation of its first mortgage license and second mortgage registration, which shall be effective as of the time it executes this Stipulation and Consent. Respondent shall return its original license and registration to OFIR within 30 days of the date the Consent Order is executed.
- b. Respondent agrees that it shall CEASE AND DESIST from any and all violations of the statutes, rules, and regulations identified in paragraph 7 of this Stipulation and the Notice of Opportunity to Show Compliance.
- c. Respondent, any wholly or partially-owned subsidiary, any affiliated company, or any company related by common owner, officer, or director, or Respondent's officers, directors, and shareholders individually, shall not make application to the Commissioner for licensure under the MBLSLA, SMLA, or the Consumer Financial Services Act, 1988 PA 161, as amended, MCL 487.2051 *et seq.*, for a period of 5 years from the date of signing of an order by the Commissioner ordering the terms of this stipulation.
- d. George Ghanam, the sole proprietor of Respondent, shall not make application to the Commissioner for licensure under the MBLSLA, SMLA, or the Consumer Financial Services Act, 1988 PA 161, as amended, MCL 487.2051 *et seq.*, for a period of 5 years from the date of signing of an order by the Commissioner ordering the terms of this stipulation and furthermore George Ghanam is prohibited from being employed by, an agent of, or control person of a licensee or registrant under the MBLSLA, SMLA, or the Consumer Financial Services Act, 1988 PA 161, as amended, MCL 487.2051 *et seq.*, for a period of 5 years from the date of signing of an order by the Commissioner ordering the terms of this Stipulation.
- e. Respondent shall maintain all mortgage loan files for a period of not less than three years from the date this Stipulation and Consent is executed

and/or from the date any mortgage loans still in Respondent's pipeline close, whichever is later.

9. All parties have complied with the procedural requirements of the APA and the MBLSLA have been in all respects.
10. Respondent understands and agrees that this Stipulation will be presented to the Acting Deputy Commissioner for approval. The Acting Deputy Commissioner may in her sole discretion, decide to accept or reject the Stipulation and Consent Order. If the Acting Deputy Commissioner accepts the Stipulation and Consent Order, Respondent has been advised that such action effectively waives his right to a hearing in this matter and to any matter contained within this Stipulation and any right to appeal the validity or enforceability of this Stipulation and Consent Order, and constitutes his consent to the entry of the Consent Order on his behalf and on behalf of Respondent. Respondent has knowingly and advisedly agreed to the foregoing on his behalf and on behalf of Respondent. If the Acting Deputy Commissioner does not accept the Stipulation and Consent Order, Respondent waives any objection to the Commissioner holding a formal administrative hearing and making her decision after such hearing.
11. The failure to abide by and fully comply with the terms and conditions of this Stipulation and Consent Order may, at the discretion of the Commissioner, result in further administrative compliance actions.
12. The Commissioner has jurisdiction and authority under the provisions of the APA and the MBLSLA, to accept this Stipulation to the Entry of Consent Order and to issue a Consent Order resolving these proceedings.
13. Respondent has had an opportunity to review this Stipulation and the accompanying Consent Order and has been advised that he has the right to have same reviewed by legal counsel. George Ghanam on behalf of himself and Respondent has elected not to engage the services of counsel and has agreed to the terms and conditions set forth herein and in the accompanying Consent Order.



George Ghanam  
By: George Ghanam, Individually  
and on behalf of:  
Source One Mortgage Group  
dba Home Mortgage and Loan Corporation  
dba First Home Town Financial  
dba Blue Line Mortgage  
dba Maximum Mortgage and Financial Services

5-28-2008  
Dated

**OFFICE OF FINANCIAL AND  
INSURANCE REGULATION**

Diane L. Bissell  
Staff Attorney: Diane L. Bissell (P40076)

6-4-08  
Dated

Approved as to form and substance:

Mark J. Kriger (dlb)  
Atty. for Respondent & George Ghanam, Individually  
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6-4-08  
Dated

w/  
permission)